

City of Somerville FY 2015 Classification Hearing

November 25, 2014

Adoption of Tax Levy Percentages for FY15

Somerville Board of Assessors

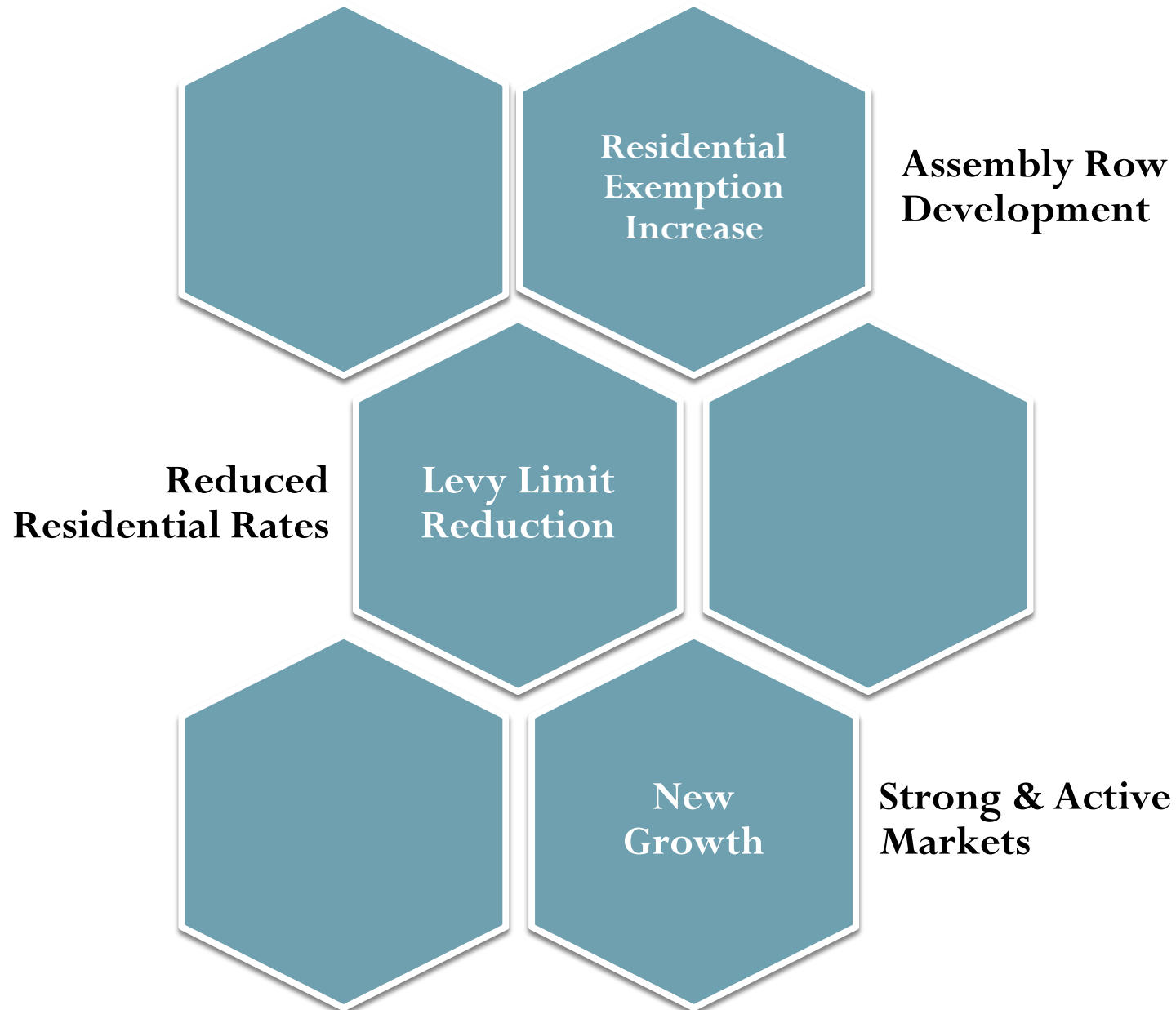
Marc A. Levye, RMA, MAA
Chief Assessor and Chairman

Michael Flynn, MAA
Thomas J Mulhern, MAA, MBREA

Mayor
Joseph A Curtatone



Fiscal Year 2015 Assessing Highlights



Recommendations

- That the Board of Aldermen adopts a minimum residential factor of 86.6735, the legal minimum for the City of Somerville for FY2015.
- That the Board of Aldermen accepts the provisions of Chapter 59, Section 5C approving a residential exemption of 35% of average assessed value for owner occupied properties for FY15.
- That the Board of Aldermen accepts the provisions of Section 4 of Chapter 73 of the Acts of 1986 and votes an additional statutory exemption of up to 100% for FY15.
- The assessors, at the request of the Mayor, also recommend adoption, in a separate submittal, of MGL 59 section 5L allowing deferral of property taxes for reservists and national guardsmen.

Statutory Exemptions

- The City of Somerville offers 12 statutory exemptions for eligible residential property owners who may include seniors, widows/widowers, disabled veterans, persons with certain disabilities, orphans, and those with extreme hardship.
- The City requests and the Assessors recommend that the Board of Aldermen allow up to double the exemptions for FY15.
- The Assessors also recommend in a separate submittal an increase from \$750 to \$1000 of the 41C exemption for eligible seniors over age 65 for FY16

Allowing Up To Double Statutory Exemptions Can Prevent Tax Increases for Some Owners With Limited Incomes

Many residents on limited incomes are eligible.



First, they deduct residential and statutory exemptions



If their remaining tax bill is higher than last year, they can deduct the amount of the net tax increase or the base statutory amount and the increase over last year's tax



This has the potential to eliminate any tax increase

How It Works

FY14

\$485,000
x \$12.66
 \$6,140.10
-\$1,907.53
 \$4,232.57
-\$750.00
 \$3,482.57

Home value

Tax rate

Res Exemption

Statutory Amount

Net tax

FY15

\$535,000
x \$12.70
 \$6,794.50
-\$2,498.34
 \$4,296.16
-\$750.00
 \$3,546.16

Home value

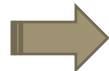
Tax rate

Res Exemption

Statutory Amount

Net tax

\$3,546.16 FY15 Net Tax
\$3,482.57 FY14 Net Tax
 \$63.59 Increase



CERTIFICATE
 \$750.00 Statutory Amount
+\$63.69 Increase
 \$813.59



Effective Increase
 In Taxes: \$0

Key Changes

- **Overall residential values are up**
- **Industrial , Commercial & Personal Property up \$52M**
 - MBTA took control of \$20M in value for GLX maintenance yards: Short-term loss for long-term benefit
 - Net increase of \$32M

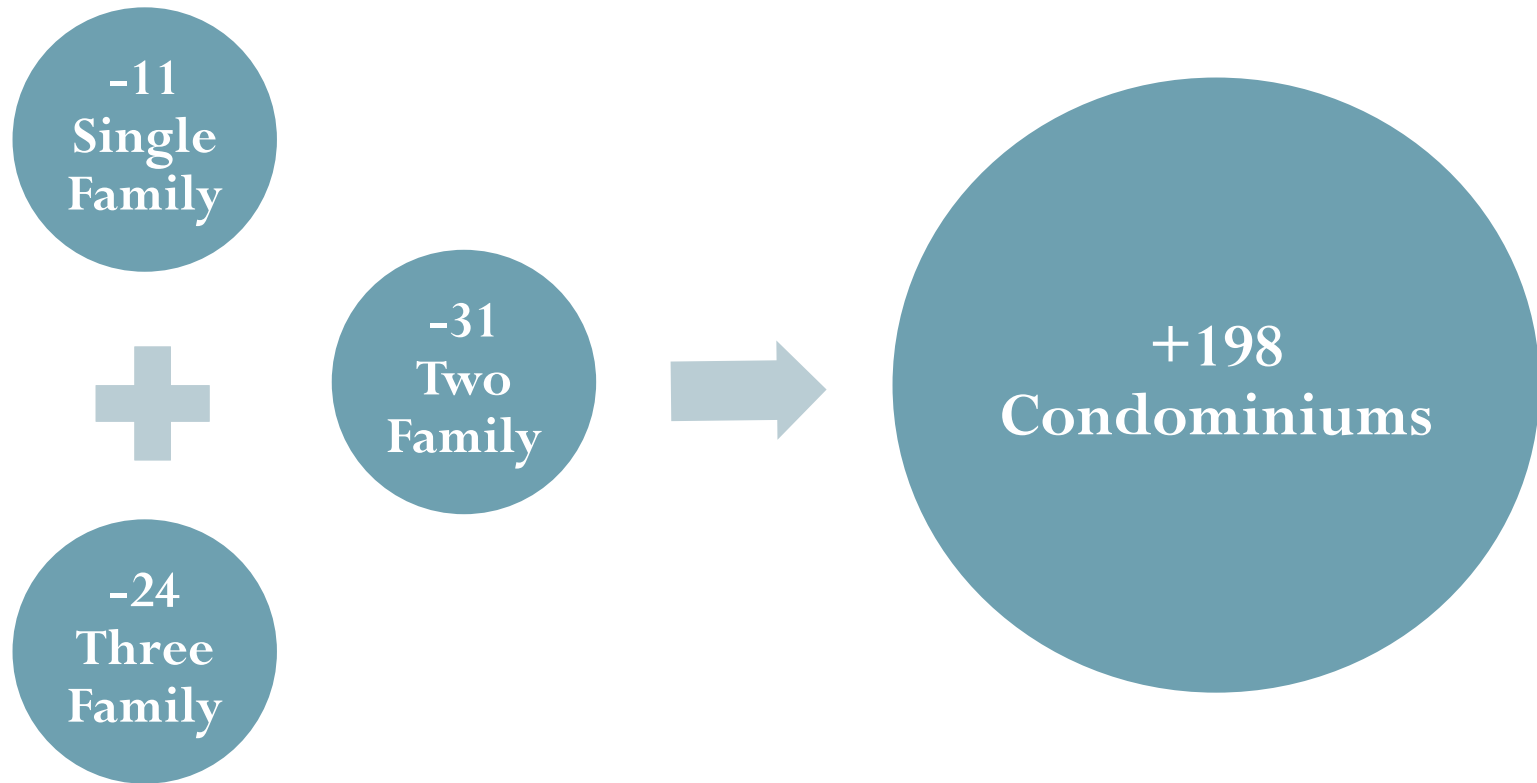
Total Assessed Value By Use:

Residential: \$8.9 billion

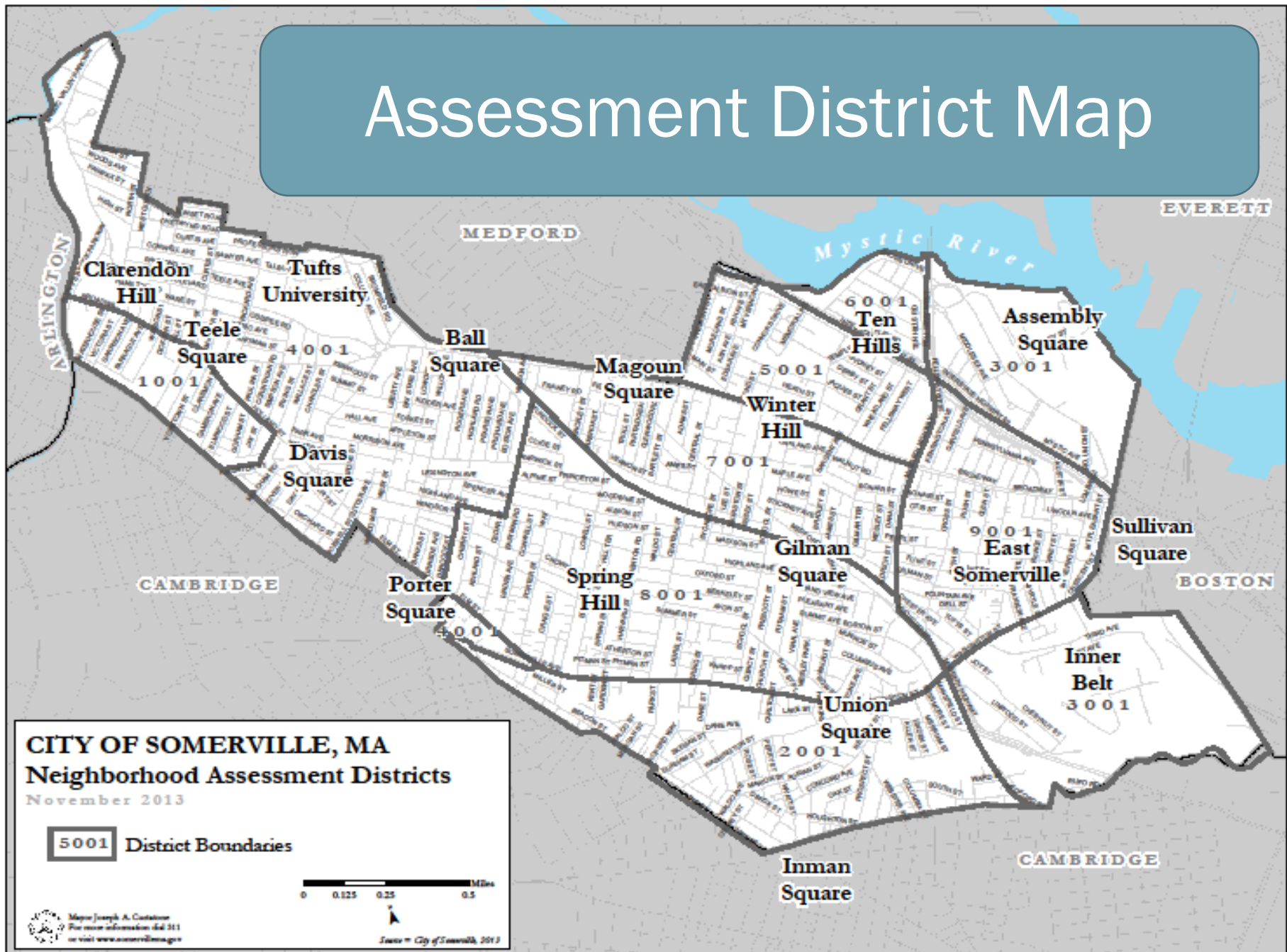
Commercial: \$1.056 billion

Industrial: \$311 million

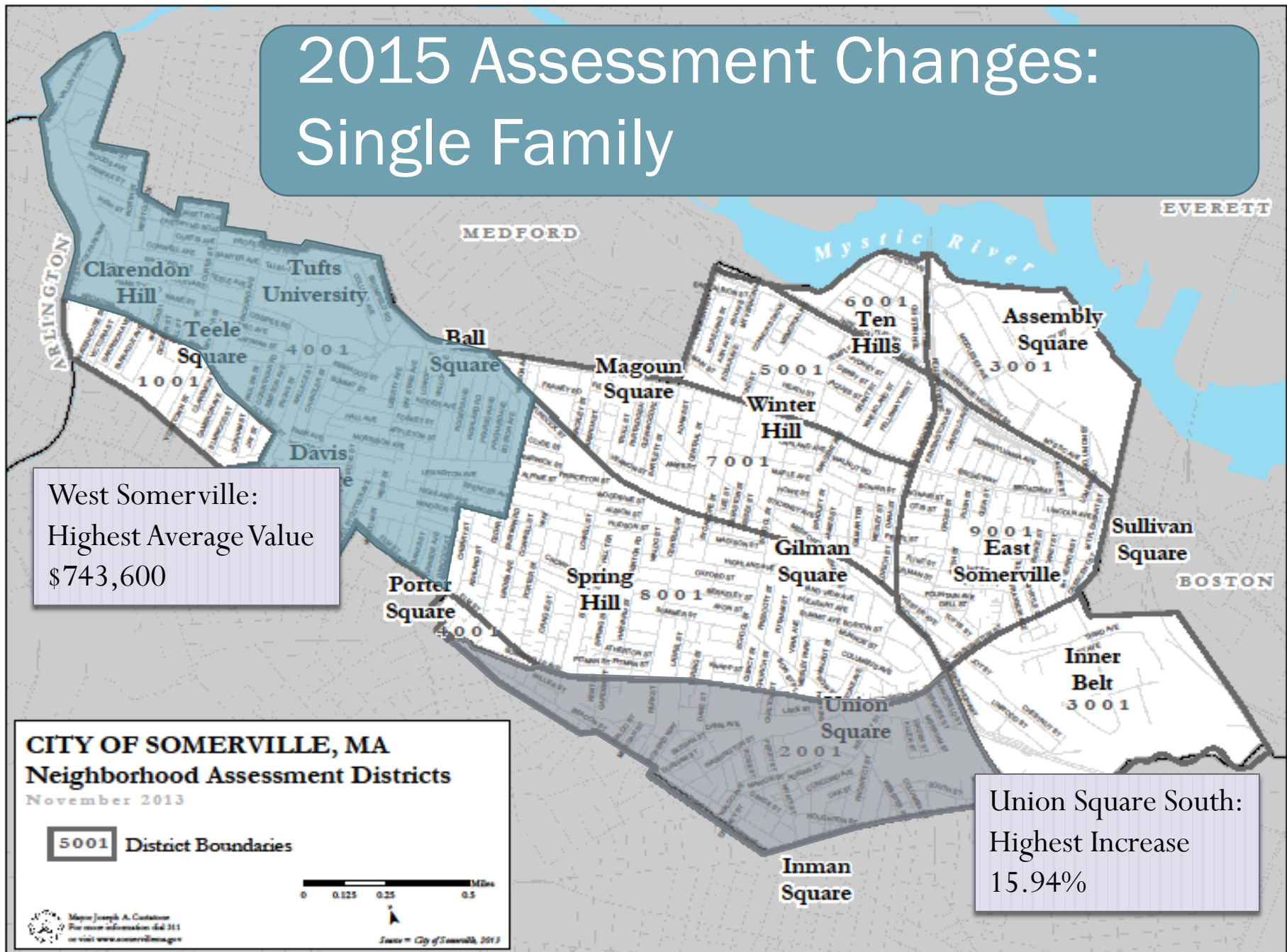
Continued Demand for Condominiums



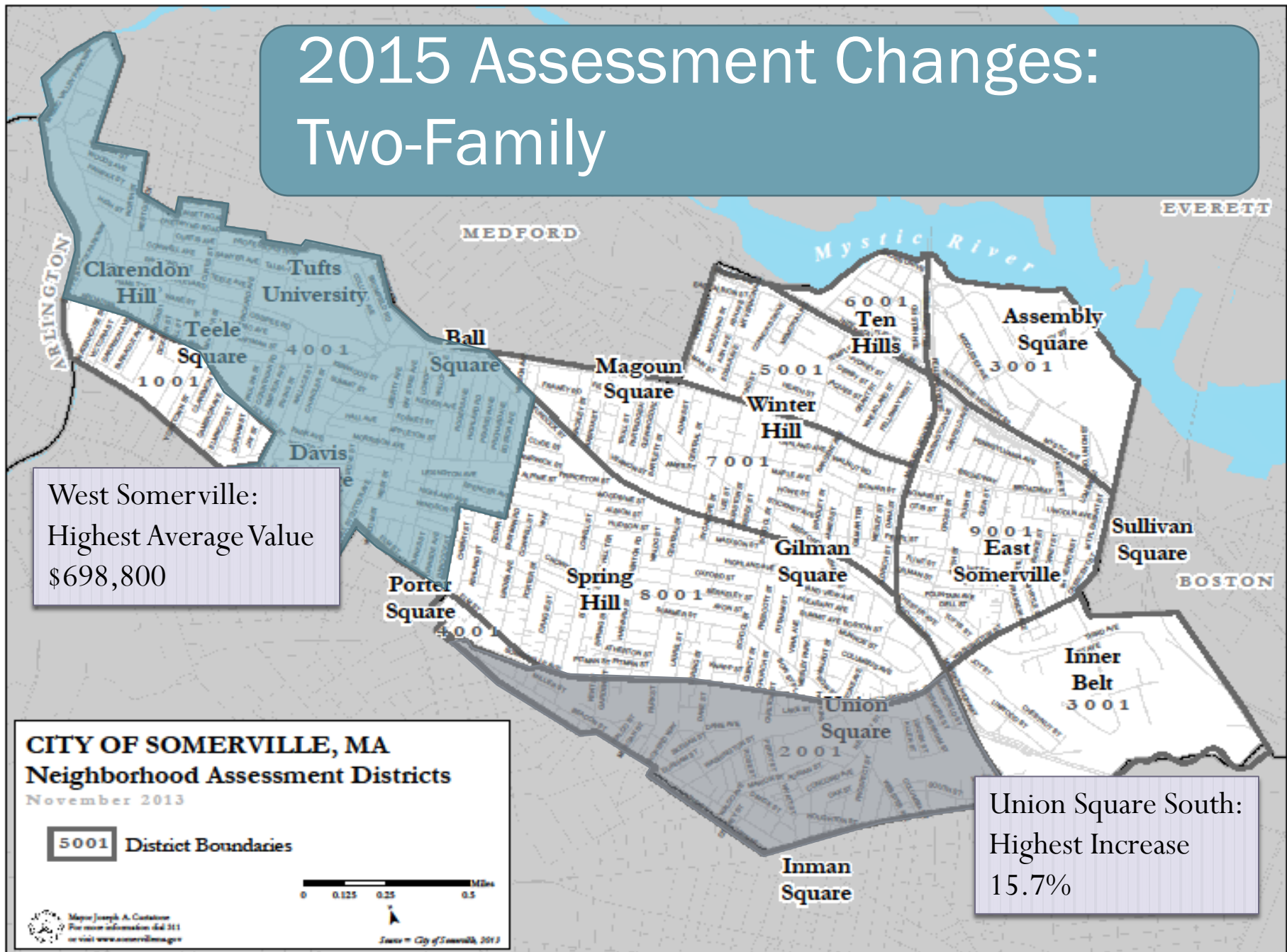
Assessment District Map



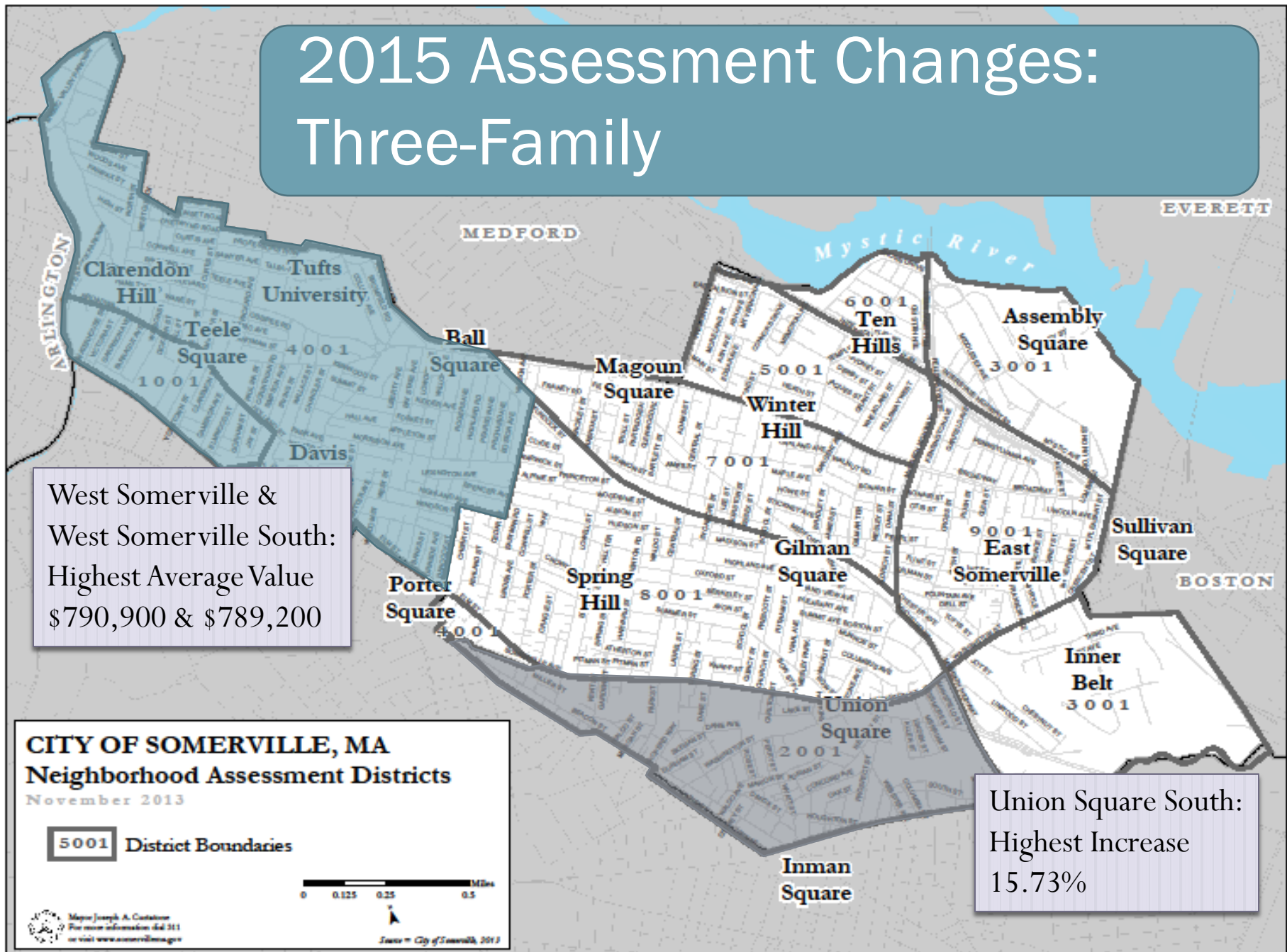
2015 Assessment Changes: Single Family



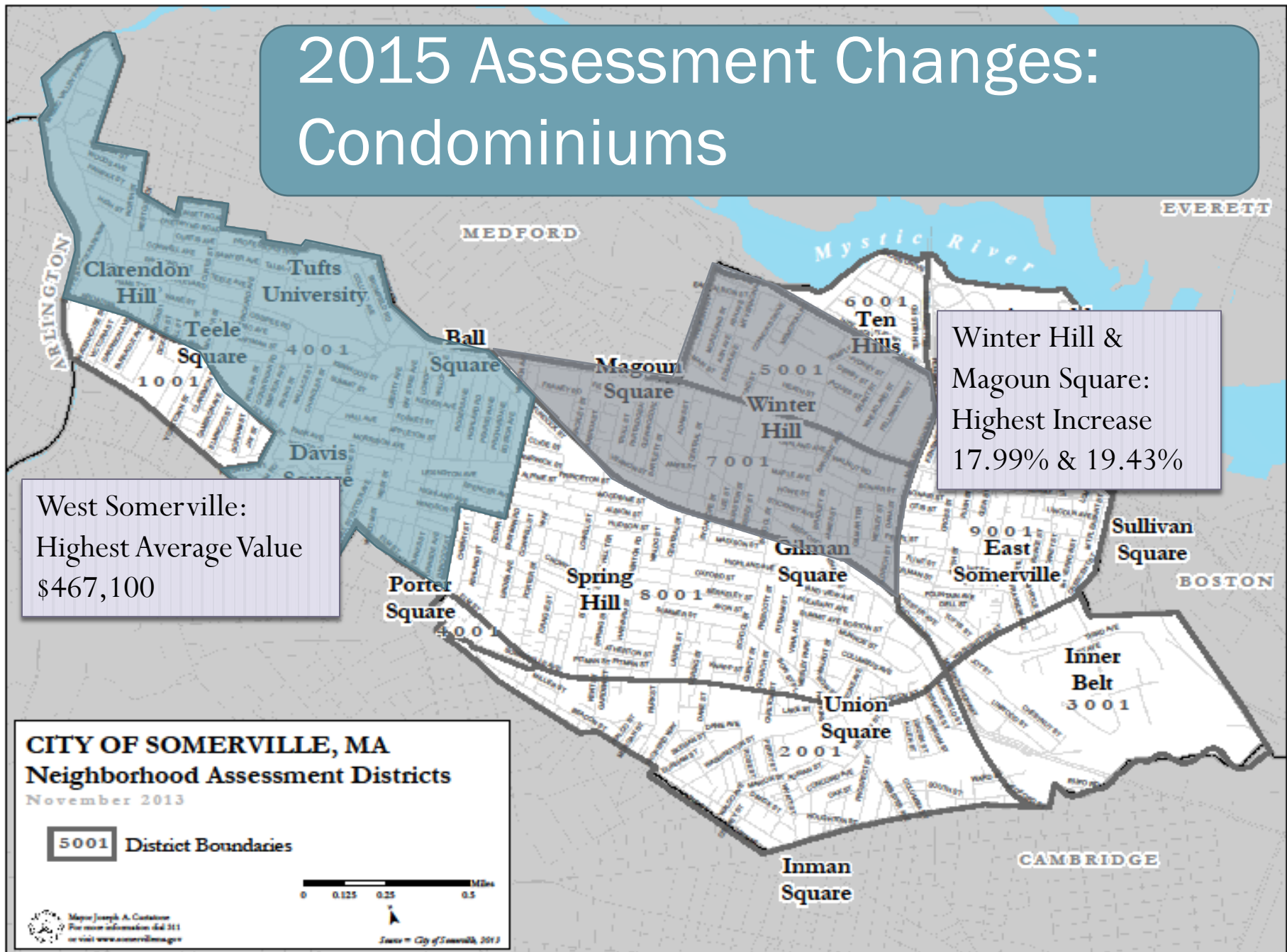
2015 Assessment Changes: Two-Family



2015 Assessment Changes: Three-Family

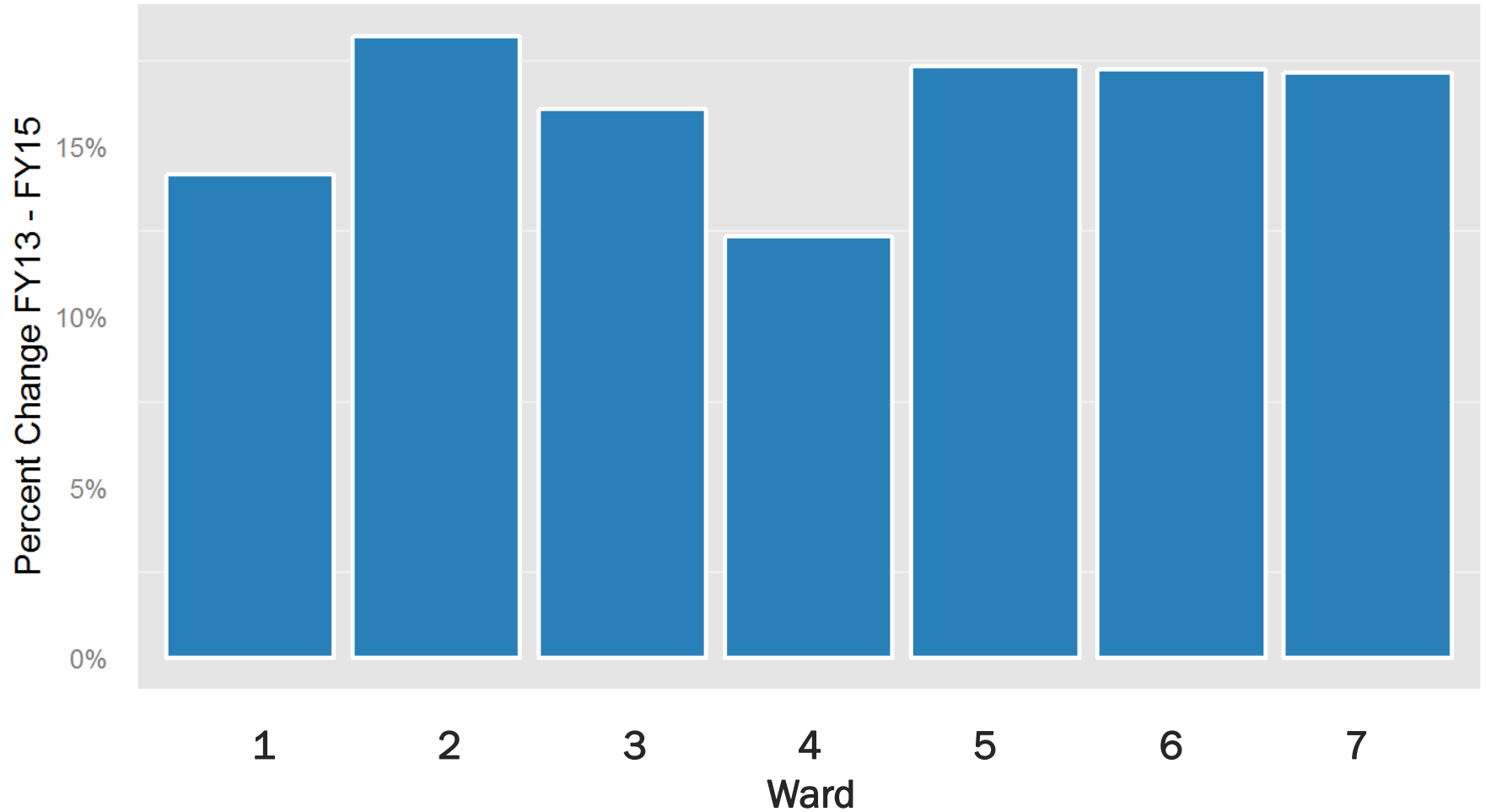


2015 Assessment Changes: Condominiums

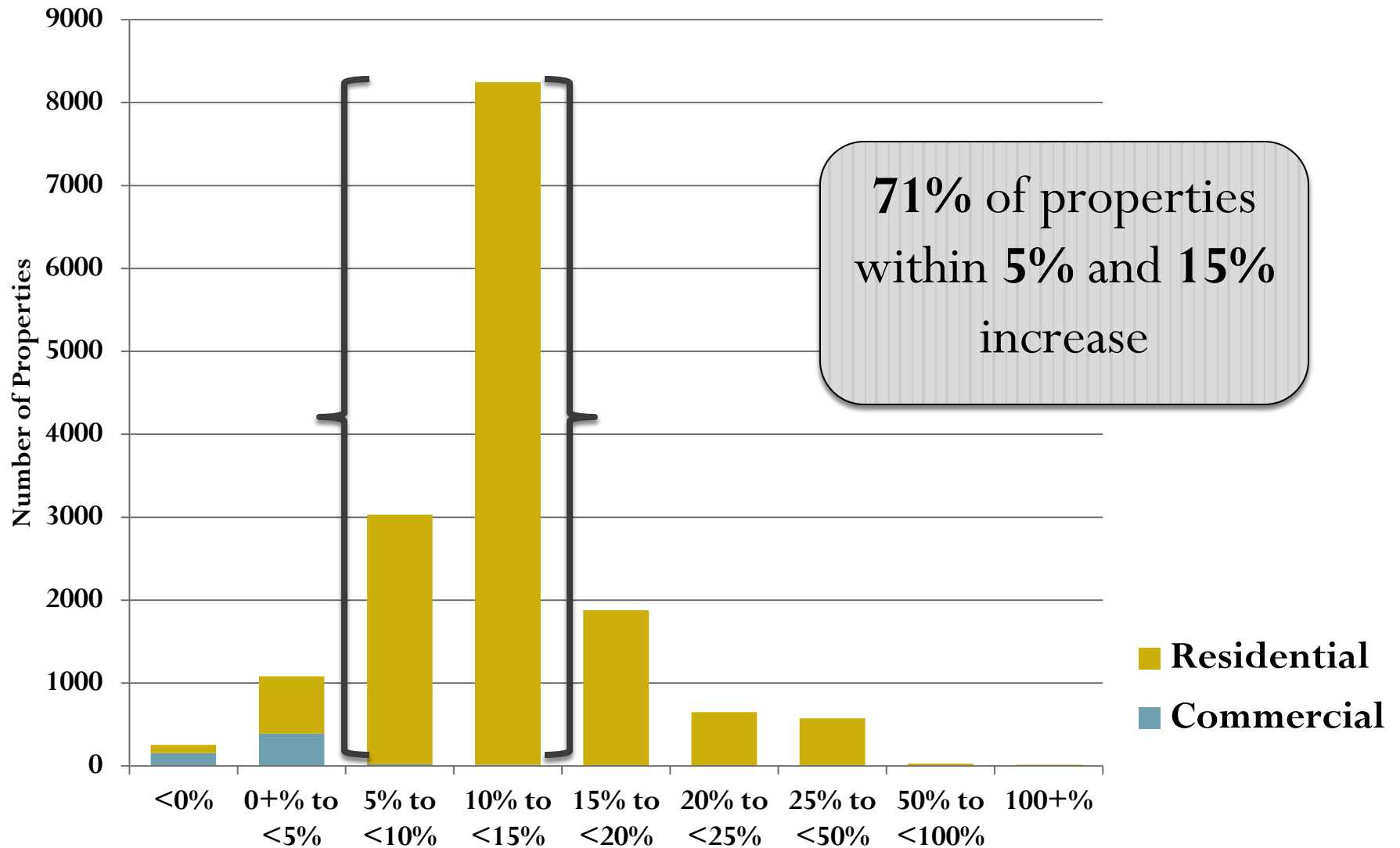


Property Value Change By Ward

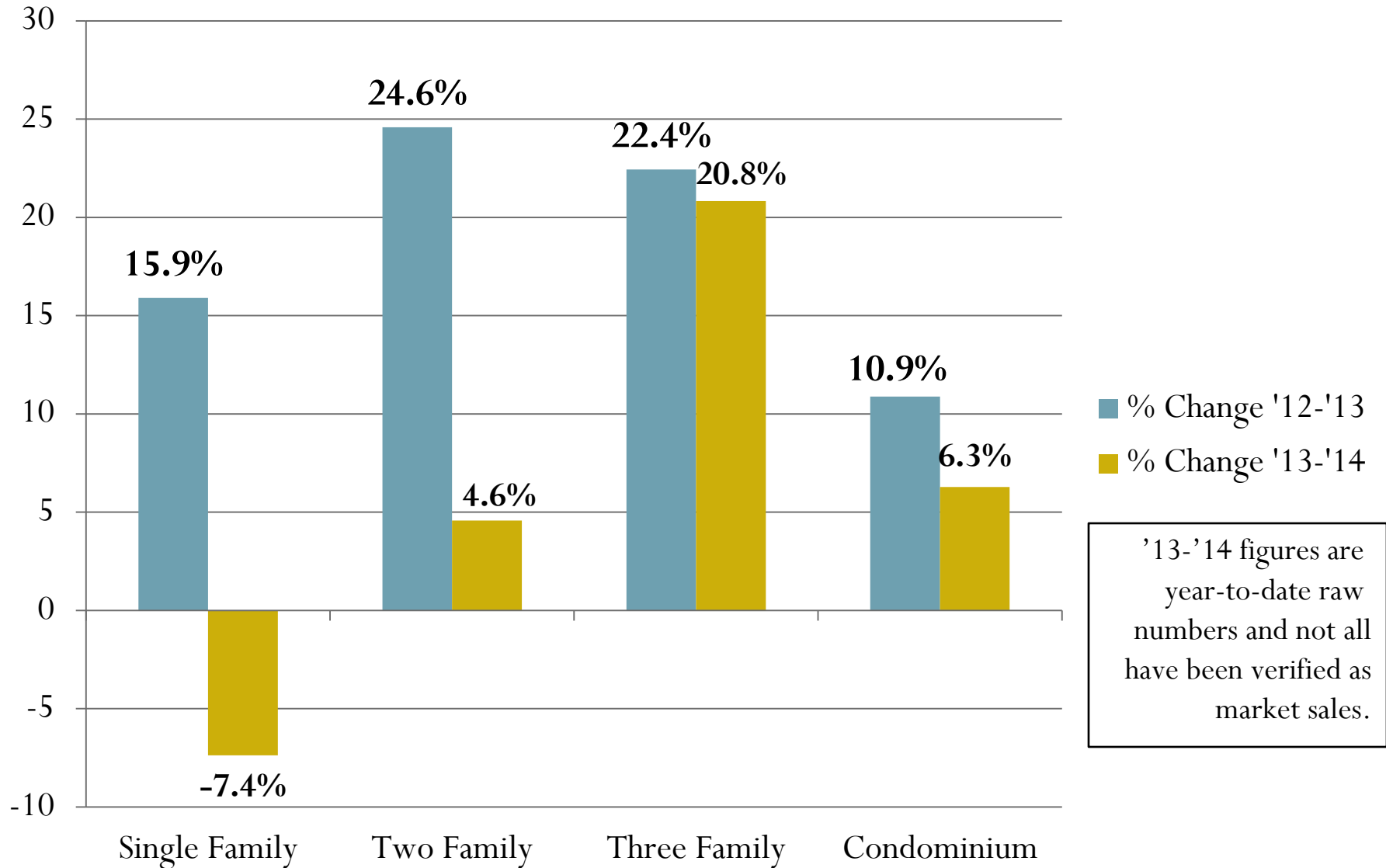
Residential + Commercial + Industrial



Residential & Commercial Value Changes



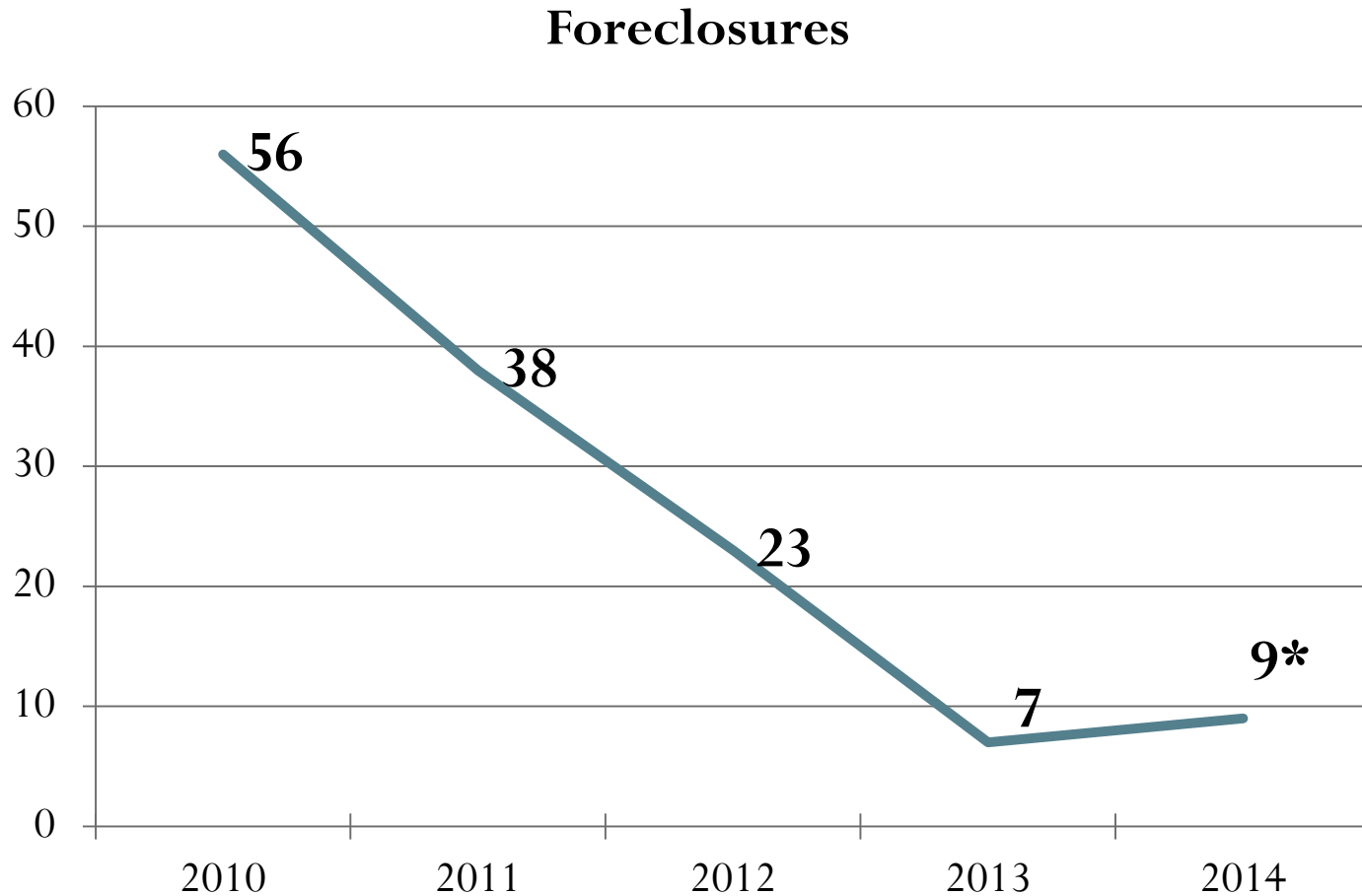
Average Somerville Home Sale Price Trends



Continued Demand for Condominiums

- **198** New condos
- **25** from new construction
- **173** from conversion
- **Looking ahead:** Signs of stabilization

Foreclosure Levels Stabilizing

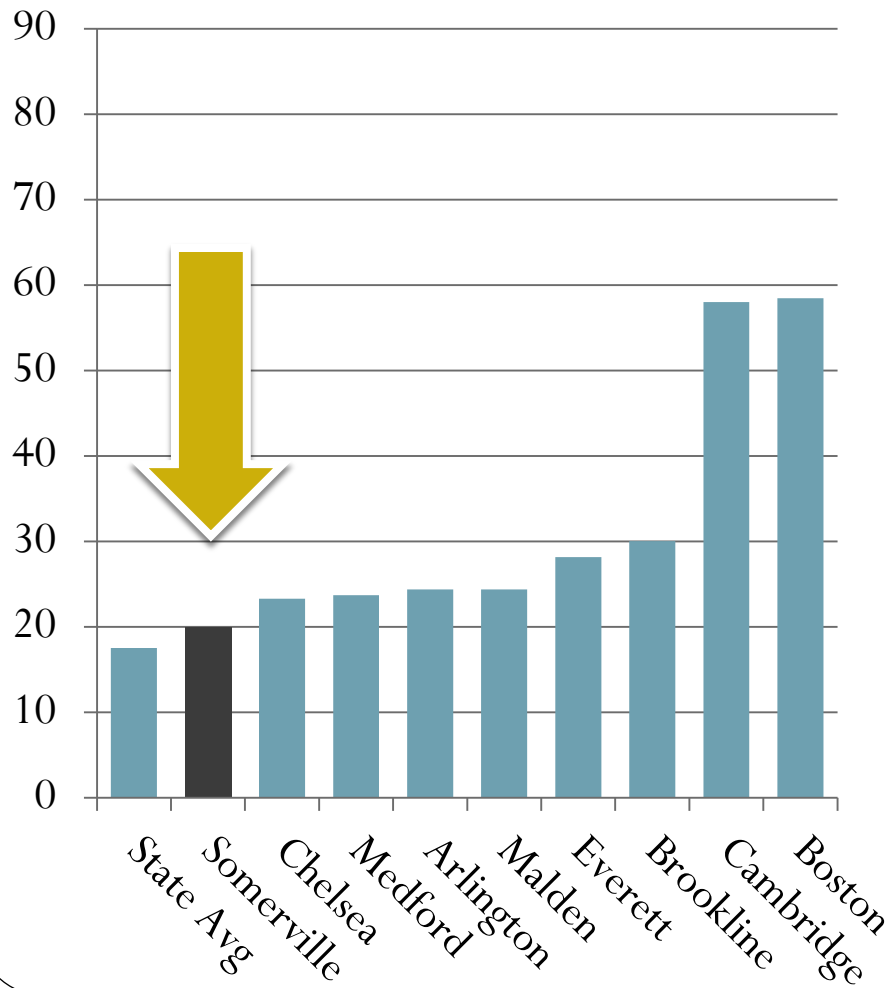


Return to pre-recession levels

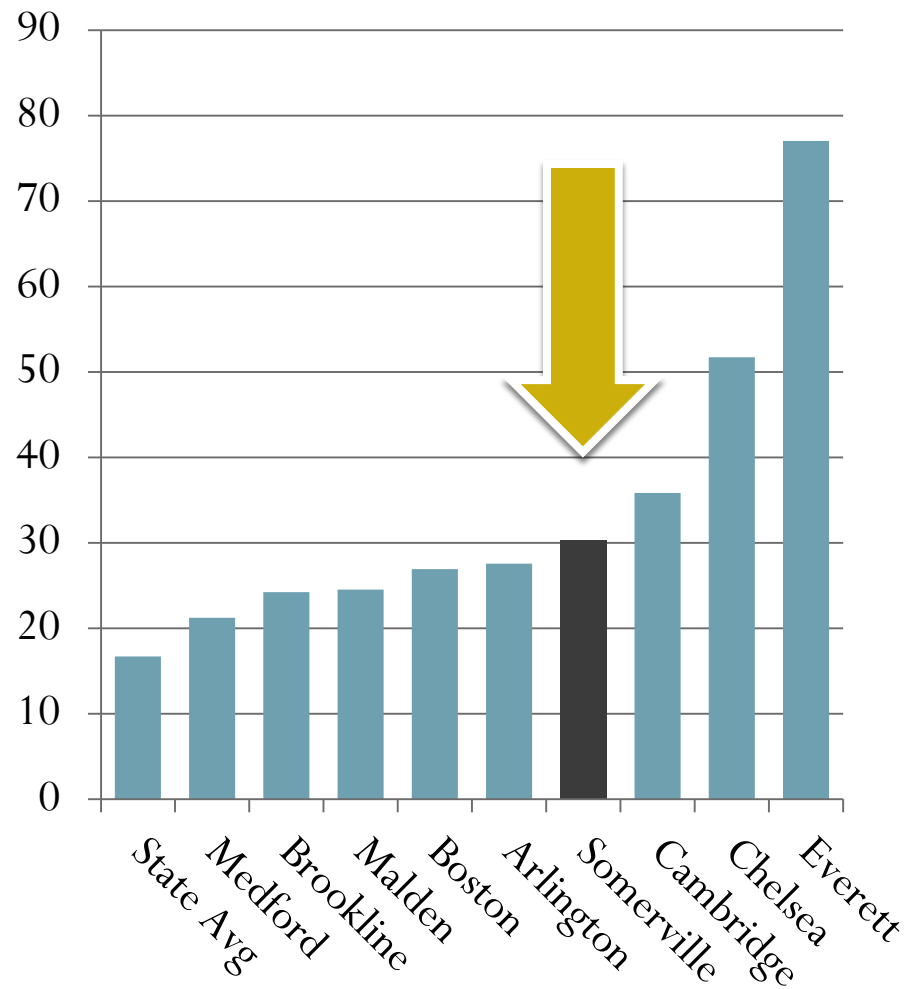
* Through September

Regional Real Estate Market Change: Median Sale Prices

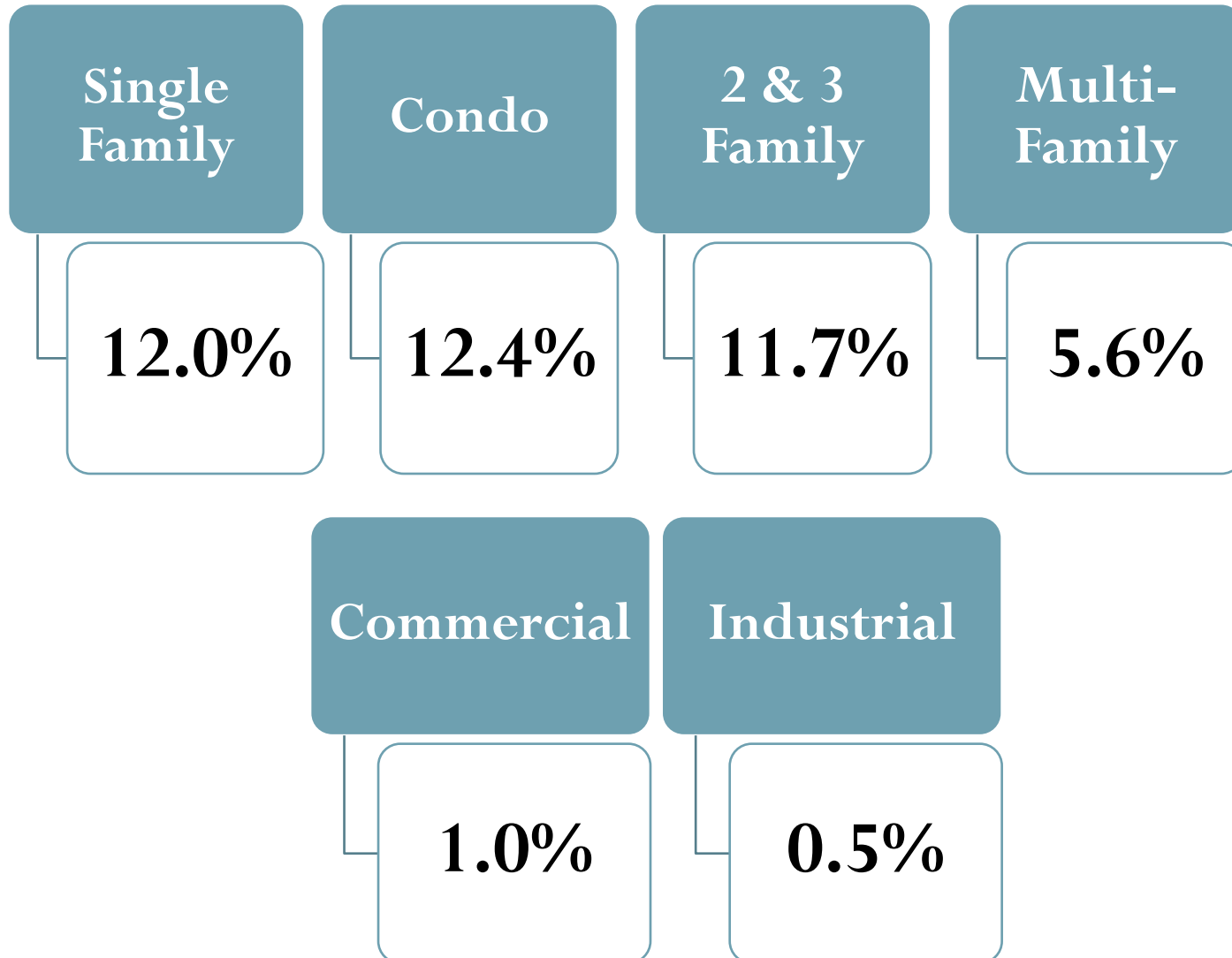
**Percent Change '11-'14:
Single Family**



**Percent Change '11-'14:
Condominiums**



Increase in Value Due Solely to Market FY14-15



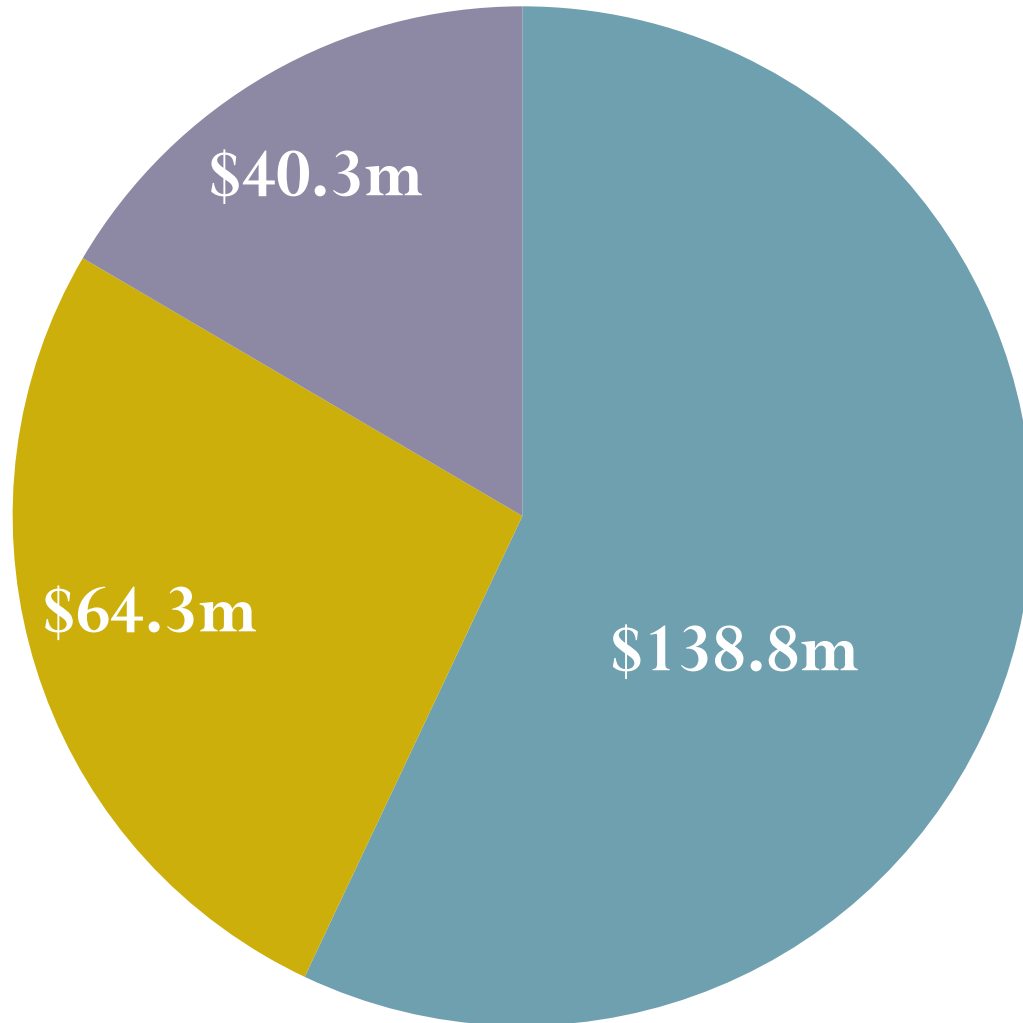
Record New Growth

- **New Growth:** Tax dollar benefit from property improvements
- Over **\$4M** in new tax levy growth based off of **\$243M** of new valuation growth
- **56%** (more than \$2.2M) of new tax levy growth is from commercial sources, of which **37%** (\$830k) is from Assembly Row



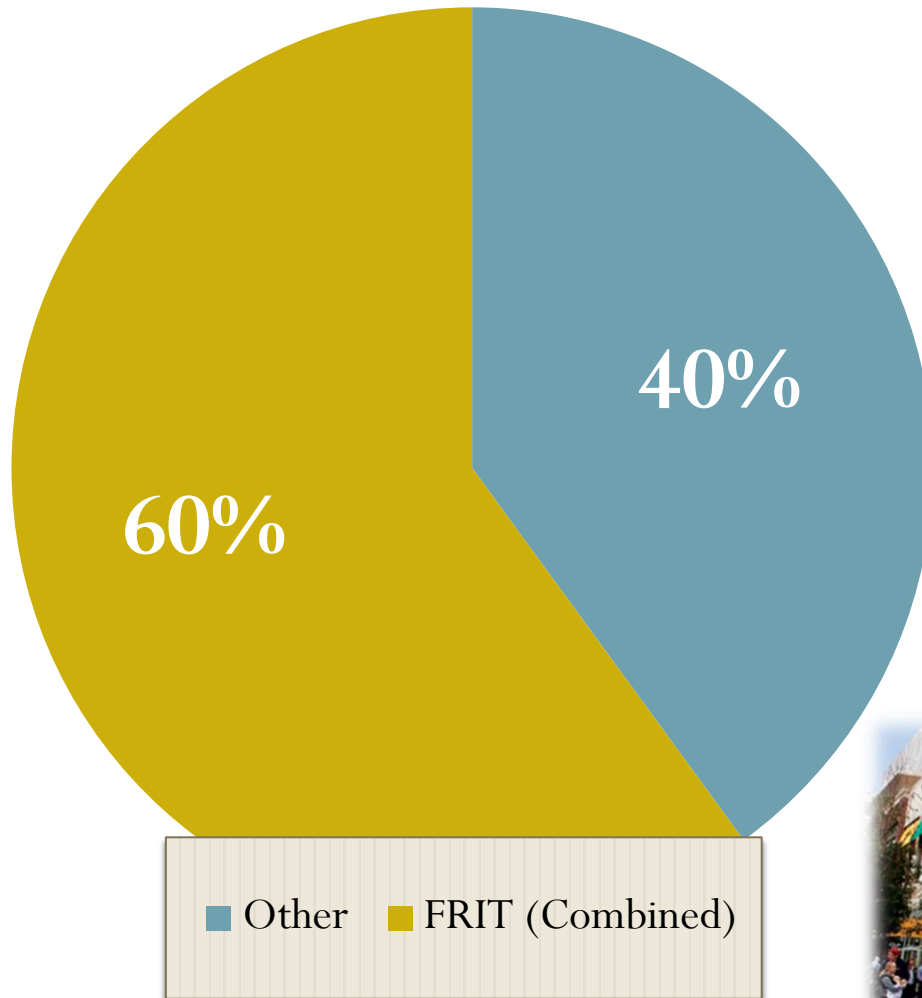
Source: Flickr u/vanhoosear

New Valuation Growth



- Residential
- Commercial
- Personal Property

Major Contributors to Commercial & Industrial New Valuation Growth



Major Development Projects

\$26.1m	FRIT Legoland & Theatre
\$7.2m	FRIT Office/Retail Block 2
\$3.2m	PS Northeast Storage
\$3.0m	FRIT Retail Block 1
\$2.3m	FRIT Burger Dive & Starbucks



Tax Levy Impact on the average Two-Family Parcel: Increase From 2014

Recommended			
\$2107	\$1,187	\$369	\$199
No Classification	With 175% Classification	With 175% Classification	With 175% Classification
No ResX	No ResX	30% ResX	35% ResX

Average 2-Family Tax Avoidance: \$263

\$170

35% Residential Exemption

\$60

Assembly Row Development

\$33

Other Receipts & Revenue

Reduction From the Levy Limit

First time since FY2007 that the City will not tax to the maximum allowed under proposition 2 ½.

- FY2015 Tax Levy Limit: **\$123,036,937**
- Proposed FY2015 Tax Levy: **\$122,194,951**
- Reduction of **\$841,986**, saving the average two-family household **\$33** in taxes.

Tax Rate Change

2014

2015

Residential

\$12.66 down to \$12.61



Commercial

\$21.51 down to \$20.38



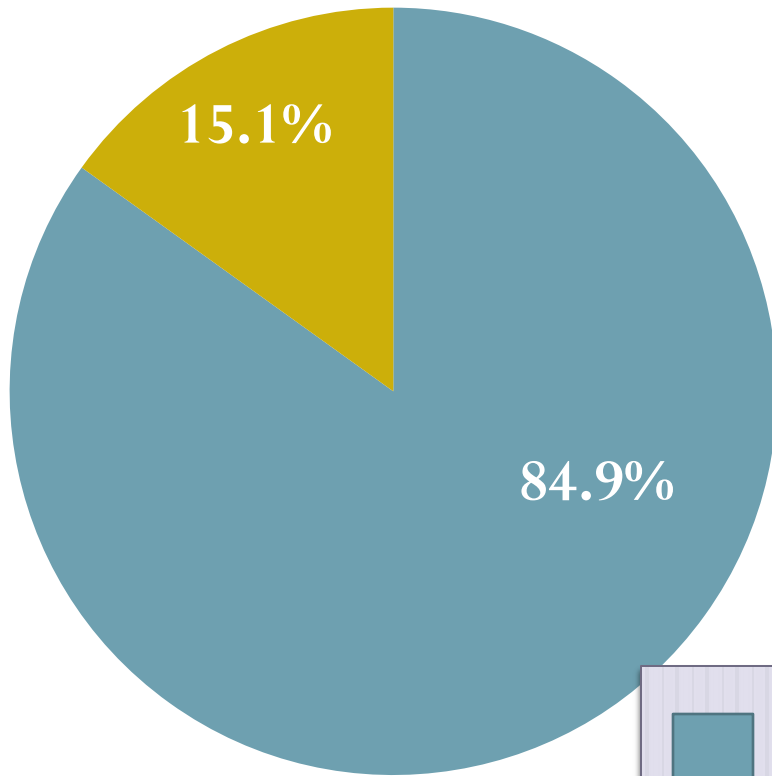
Tax Bill Impact for the Average Property

Condominium*	• +0.4%	\$11
One Family*	• +3.9%	\$157
Two Family*	• +4.1%	\$199
Three Family*	• +5.7%	\$322
4-8 Family*	• +5.4%	\$429
9+ Multifamily	• +5.7%	\$2,028
Commercial & Industrial	• -3.7%	-\$1,399

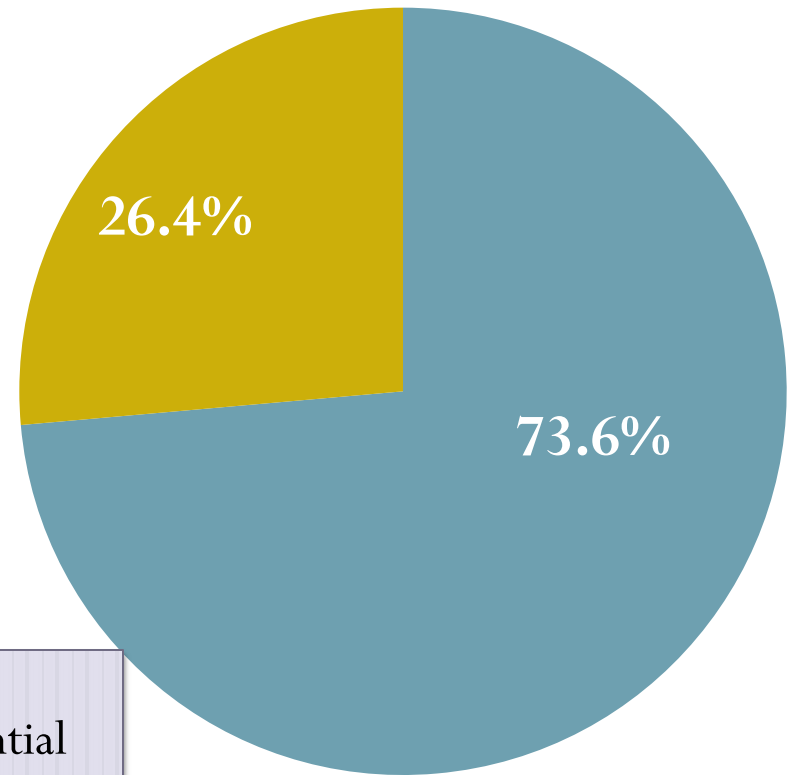
*Includes Residential Exemption

Tax Levy Share for Residential & Commercial

Without Classification



With Classification



Average Two-Family Tax Avoidance

$\$170 + \$60 + \$33 = \263 in taxes avoided

35%
Residential
Exemption

Assembly
Row
Development

Other Receipts
And Revenue

Thank You

